Germany

ECONOMY. The German economy has struggled through much of the past several years with growth rates below many other European countries. During 2001, growth was minimal leading to declining consumer confidence and increasing employment uncertainty. However, despite lackluster growth and increasing uncertainty, the unemployment rate declined for the fifth consecutive year and inflation remains low. Continued market reforms should help stabilize the German economy and accelerate growth in future years. Growth in 2002 is expected to remain flat before rebounding considerably in 2003. Significant tax reforms scheduled to take effect in 2002 should bolster personal incomes and improve consumer expectations for the coming year.

EXCHANGE RATE. Transition to the Euro has been hard on consumer confidence and inflation. Uncertainty in the domestic currency change has prompted inflationary pressures on domestic prices in nearly every sector of the economy, including travel. After struggling since its adoption a few years ago, the Euro has risen to near parity with the U.S. dollar. If the equitable exchange rate is sustained, demand for U.S. travel should increase as the relative cost of travel to the U.S. declines.

LANGUAGE RESOURCES. Despite the language differences between Germany and the U.S., many German consumers are experienced international travelers and are comfortable in foreign environments. In addition, the FIT market in Germany remains strong, suggesting that language barriers are not as significant to German consumers as elsewhere.

TECHNOLOGY APTITUDE. Mobile phone use and the Internet have taken longer to assimilate into the German market compared to other advanced economies. One reason for this may be the high cost of phone use that has limited access. However, computer use is high and the country boasts a developed IT sector, which should provide infrastructure for quick future adaptation as prices moderate.

SEASONS & SEGMENTS. The German market is more likely to participate in warm weather activities. The main activity segments of German travelers visiting the United States are sightseeing (arts and culture – the "American Way of Life" enjoys almost cult status among many Germans), theme parks, shopping, beach vacations, nature appreciation (national parks), history and scenery, and soft adventures (rafting, mountain biking, Native American culture, casino visits).

HISTORIC VISITATION. U.S. arrivals from Germany have grown steadily throughout the last decade with few exceptions. Germany is Utah's top overseas market and remains a top market for the U.S. as a whole. However, while the U.S. remains the preferred destination among German long haul travelers, it has consistently lost market share in recent years to North Africa, Southeast Asia, Latin America and the Caribbean. Utah remains one of the top destinations visited by German travelers to the U.S. However, estimates indicate a significant decline in the number of German travelers to Utah beginning in 1997 and a further decline in German travel to Utah in 2000 and 2001.

SOCIAL & POLITICAL FACTORS. German travelers have shown sensitivity to safety concerns. According to a recent report, 45% of surveyed travelers noted crime as the biggest complaint from German tourists returning from the U.S. A dramatic downturn in German visitation followed a well-publicized attack in Florida in the mid 1990s. However, the decline was temporary, and the numbers have since outpaced previous levels. On the other hand, German visitors to New York seem unperturbed by risks of crime or violence, as they apparently associate crime or violence with big cities.

OLYMPIC INTEREST. Germany is the powerhouse of the Winter Olympics, having accumulated 300 Winter Olympic medals since 1924 (including 35 in Salt Lake). Despite German interest and participation in winter sports, the U.S. has not been a winter sports destination for most German travelers. Nonetheless, Germany is the third largest source of international skiers to Utah, behind only Canada and the U.K. The success of Olympic athletes in Utah as well as the hosting of future world-class competitions should bolster interest in the state. The Olympic television audience in Germany was estimated at over 70 million people who each watched nearly 11 hours of Olympic coverage. The key to the German travel market will likely be how well the state is able to leverage the increased awareness of Salt Lake City as an Olympic city into a gateway for warm weather activities.

DISTRIBUTION INFRASTRUCTURE. Less than 50% of German trips are booked through a traditional travel agency or tour operator. However, many people still rely on travel agencies and tour operators to gather information, suggesting that relationships with the existing distribution infrastructure are still important. Germany's tour operators continue to consolidate, typically becoming larger and more integrated. The top German tour operators to North America are FTI, DERTOUR, LTU Touristik, TUI, and ADAC. Salt Lake City offers no direct nonstop air service to Germany. However, Condor, Lufthansa's charter affiliate, has previously offered weekly flights to Las Vegas from Frankfurt and officials anticipate reinstatement of regular service in Summer 2002.

UTAH VISITORS FROM GERMANY SUMMARY - 1997-1999*

Utah Division of Travel Development

DEMOGRAPHICS

AGE (years)	
Averare Age (mean)	40.4
18-34 Years	39%
35-54 Years	44%
55+ Years	17%

GENDER	
Men	69%
Women	31%

HOUSEHOLD INCOME ($US)	
Average HH Income	$69,800
< $40,000	29%
$40,000 - $80,000	37%
$80,000 - $120,000	21%
$120,000+	13%

PARTY COMPOSITION	
Avg. Travel Party (mean)	1.6
Family/Relatives	40%
Spouse	32%
Friends	20%
Traveling Alone	20%
Tour Group	3%
Business Associates	1%
Adults Only	88%
Adults and Children	12%

FREQUENT TRAVELERS	
Repeat Visitor to the U.S.	63%
U.S. Trips last 12 Months	1.4
U.S. Trips last 5 Years	3.2
1 Trip	46%
2 - 5 Trips	39%
5+ Trips	15%

OTHER DESTINATIONS VISITED	
# of States Visited	4.1
# of Destinations Visited	6.0
California	82%
San Francisco	52%
Los Angeles	44%
San Diego	17%
Yosemite N.P.	17%
Nevada	72%
Las Vegas	64%
Arizona	71%
Grand Canyon N.P.	38%
Phoenix	9%
Colorado	14%
Wyoming	13%
Yellowstone N.P.	10%
New York	9%
New York City	8%
New Mexico	7%

TRAVEL PATTERNS

ADVANCE TRIP DECISION	
Advance Trip Decision	153 Days
Advance Air Reservations	103 Days
Use of Pre-Booked Lodging	68%

USE OF PACKAGES	
YES	28%
Air/Lodging	18%
Guided Tour	13%
Air/Rental Car	12%
Air/Lodging/Tour	10%
Air/Lodging/Bus	9%
Air/Lodging/Bus/Tour	8%
Air/Lodging/Rental Car	7%
Advance Package Booking	121 Days
# of Nights Pre-paid as Part of a Package	14.0

INFORMATION SOURCES	
State/City Travel Office	48%
Travel Guides	47%
Travel Agency	46%
Friends/Relatives	30%
Personal Computer	14%
Tour Company	13%
Newspapers/Magazines	10%
Airlines Directly	5%
Other	11%

ACCOMMODATIONS	
Hotel/Motel	71%
Private Home	6%
Other	25%

TRANSPORTATION IN U.S.	
Rented Auto	70%
Airlines in U.S.	24%
City Subway/Tram/Bus	16%
Taxi/Cab/Limousine	16%
Company or Private Auto	16%
Motor Home/Camper	11%
Bus Between Cities	6%
Other	3%

LENGTH OF STAY	
# of Nights In UT (mean)	4.4
# of Nights in US (mean)	22.9

UTAH DESTINATIONS VISITED	
Bryce Canyon N.P.	31%
Salt Lake City	21%
Zion N.P.	15%
Monument Valley	8%
Glen Canyon	4%

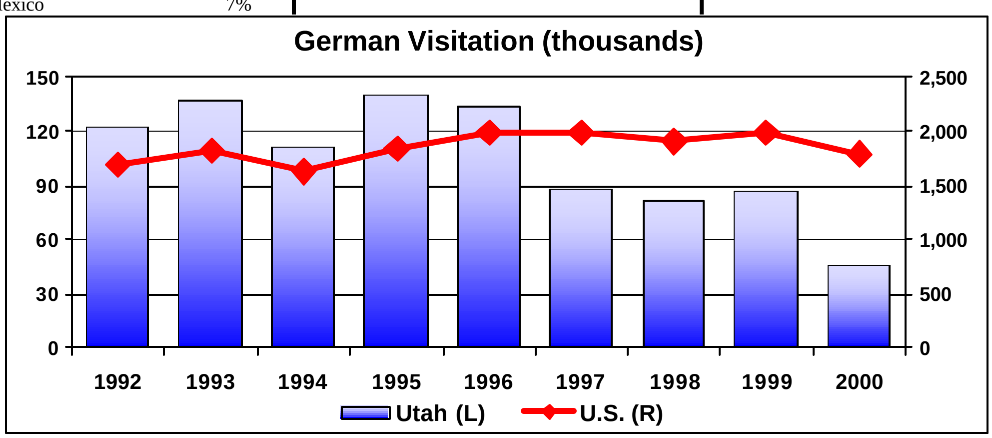
PURPOSE/ACTIVITIES

PURPOSE OF TRIP	
Leisure & VFR	95%
Leisure/Rec./Holidays	91%
Visit Friends/Relatives	4%
Business & Convention	5%
Business/Professional	4%
Convention/Conference	1%
Study/Teaching	1%

PORT OF ENTRY	
Los Angeles	26%
San Francisco	16%
Chicago	9%
New York	8%

LEISURE ACTIVITIES	
Visit National Parks	94%
Shopping	86%
Dining in Restaurants	77%
Touring Countryside	67%
Visit Historic Places	67%
Cultural or Heritage Sites	55%
Amusement/Theme Parks	53%
Sightseeing in Cities	53%
Visit Small Towns	53%
Casinos/Gambling	51%
Camping/Hiking	35%
Visit Am. Indian Comm.	30%
Guided Tours	29%
Water Sports/Sunbathing	28%
Art Gallery/Museum	26%
Concert/Play/Musical	15%
Ethnic Heritage Sites	10%
Nightclubs/Dancing	7%
Attend Sports Event	7%
Environ./Eco Excursions	5%
Cruises	4%
Golfing/Tennis	3%
Snow Skiing	2%
Ranch Vacations	2%
Hunting/Fishing	1%

PERFORMANCE	
Total Int'l. Visitation (000s)	87
Market Share	4.4%
Avg. Spending Per-Visitor-Per-Day (mean)	$78



SOURCE: OTTI, U.S. Department of Commerce